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Note by the UNCTAD secretariat

The attached document is circulated at the request of H.E. Mr. Sirous Nasseri, Permanent Representative of the Islamic Republic of Iran to the United Nations Office at Geneva, in his capacity as representative of the host country of the Seventh Ministerial Meeting of the Group of 77, held in Tehran, Islamic Republic of Iran, from 16 to 23 November 1991.

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THE TEHRAN DECLARATION

THE TEHRAN DECLARATION

TOWARDS A NEW PARTNERSHIP FOR DEVELOPMENT

We, the Ministers of the States members of the Group of 77,

Having met in Tehran, Islamic Republic of Iran, from 19 to 23 November 1991, to prepare for the forthcoming eighth session of the United Nations Conference on Trade and Development,

Having reviewed global economic and political developments since UNCTAD VII,

Declare as follows:

1. The decade of the 1990s already carries the mark of profound historical change. The end of the Cold War, the improved prospects for disarmament and the advance of democracy and respect for human rights are ushering in a new era of international co-operation and global partnership to enhance world peace and security.

2. And yet, achieving true global peace and security does not only mean putting an end to the threat of global war and nuclear holocaust. It also means realizing the right to development and freeing peoples and nations from the suffering and insecurity that comes from poverty, hunger, disease, illiteracy and unemployment.

3. Furthermore, global peace is indivisible. The world is not at peace if conflicts, resulting among other factors from underdevelopment, continue to plague the developing countries; it is not secure if those countries are subject to external threat resulting from their weak economic and political position. A world divided between a rich few and large masses of the poor is unfair, inherently unstable and in the long run unsustainable.

4. Thus, the development issue, in particular the widening gap between the North and the South, represents the main challenge faced by the international community in the post-Cold War world. The rapid change that is taking place in the world economy, while giving rise to difficult challenges, offers also great opportunities for bridging this gap. The technological revolution, the increasing globalization of production and trade and the consolidation of large economic spaces can lead to a better world for all, provided the international community takes positive action to prevent the marginalization of developing countries and to ensure their active participation in the world economy. In this context, it is necessary to ensure that regional integration arrangements, particularly those having a major impact on world trade, are compatible with an open and liberal multilateral trading system.

Reinvigorating the development dialogue

5. What is needed is a determined move to bring in a new era of partnership for development among developed and developing countries. This calls in turn for a reinvigoration of the development dialogue. Developing countries are ready to engage in a comprehensive dialogue on all issues affecting trade and development, including both international and national aspects, in a balanced discussion based on the imperatives of genuine interdependence, taking into account the weight and impact of developed and developing countries in the world economy.

6. The dialogue towards a new partnership for development must be pragmatic and realistic, non-confrontational, based on a mutuality of interest, and above all aimed at achieving, through a gradual deepening of the international consensus on specific issues, concrete agreements that can be implemented. It must also lead to the establishment of mechanisms for follow-up on the actions agreed upon and monitor the extent to which they are being carried out.

7. The focus of the dialogue must be the strengthening of national and international action and multilateral co-operation for a healthy, secure and equitable world economy, and more specifically the promotion of economic growth, technological capabilities and accelerated development in the developing countries.

8. This is a good time to engage in the dialogue. The phenomenon of globalization of economic relations and the dilemmas posed by transboundary problems such as the environment, health, illicit drugs, and migrations have heightened awareness of the close interdependence of issues and nations in today's world, and the need for co-operative multilateral solutions, with due respect for the independence and national sovereignty of each country. The call for a new international order should also provide an opportunity to strive for a revival of multilateralism, and for placing the issue of development at the top of the agenda of the international community for the 1990s.

The challenges for developing countries

9. Developing countries are making vigorous efforts, almost always at the cost of considerable social and political sacrifices, to follow sound macro-economic policies, exercise fiscal discipline, rely more on market signals for the allocation of resources, and undertake the necessary adjustments in their external economic relations, including opening their economies to the challenges of competition. The pursuit of economic efficiency by developing countries would, however, have to integrate the social, cultural and development dimensions. Moreover, the realization of the full entrepreneurial potential available in the developing countries would require these countries to have better and favourable access to the global economic space.

10. Developing countries reaffirm that the primary responsibility for their development is their own. This includes prominently the need to introduce participatory arrangements that would help distribute widely the fruits of development and growth, allow everybody a say in the making of decisions that affect their lives, and guarantee respect for political, social, cultural and ideological diversity. The participation of the more vulnerable sectors of the population, such as women, is a matter of special priority.

11. Developing countries recognize the crucial importance of economic co-operation among themselves as a means of enhancing their successful integration into an equitable international economy. In this context, they recognize the importance of consolidating and strengthening the Global System of Trade Preferences (GSTP) and complementing it by appropriate trade financing measures, including the eventual establishment of an international trade financing facility backed by the international community. At the same time, the processes of regional and subregional co-operation and integration within the developing world should be consolidated and strengthened.

12. But no amount of effort will succeed if the external environment continues to be unfavourable. The experience of the 1980s is telling. There was a collapse of financial and technology flows to developing countries, a persistence of the debt overhang, of high real interest rates by historical standards and of monetary instability, a dramatic fall in the real prices of commodities and a corresponding deterioration of the terms of trade of developing countries, and an increase in protectionism in developed countries. In 1990, the total cost of agricultural protection in developed countries amounted to US$ 300 billion, which represents six times the ODA granted by them to developing countries. Moreover, between 1984 and 1989 developing countries made net transfers of $92.6 billion to the developed countries; largely as a result of this huge loss of capital their per capita GNP at the end of the decade was no better than at the beginning. The number of the poor and hungry in those countries had doubled in the same period to an alarming figure of 1.2 billion.

The challenge to the developed countries

13. Part of the explanation of this veritable development failure - the lost decade for development - is that the efforts of developing countries have not met with corresponding actions on the part of the developed world. Developed countries have not shown the political will needed to undertake their own structural adjustment in order to face competition from the developing countries. While advocating multilateralism they resort to the unilateral exercise of economic power, the application of restrictive and discriminatory practices and the marginalization of multilateral institutions and of developing countries in the management of the world economy, which is vested in ad hoc small groups of major industrial countries.

14. Developing countries need a world economy operating on the basis of multilateral rules anchored in the respect of competition, open markets, equity and fair play. At the moment, their exports are being discriminated against. Developed countries must commit themselves solemnly to a return to the agreed rules of the international economy while providing special and differential treatement to developing countries. They must also come forward in a spirit of co-operation, responsibility, imagination and far-sightedness to complement and support the efforts of developing countries and to build an international environment which permits the realization of the creativity present in the cultures of the developing world. Otherwise, the efforts of developing countries will fail, the new development consensus will be eroded and both pluralism and the market orientation will be impeded.

The challenges of interdependence and accelerated and sustainable development

15. The dialogue must also touch on issues concerning the structure of international economic relations. The asymmetry of interdependence between developed and developing countries, most visible in the growing concentration of knowledge and innovation in the developed countries and their transnational firms, must be addressed by the international community. Global policy co-ordination in the context of interdependence is by now an inescapable responsibility of the international community. It must be met in a more participatory and broad-based manner founded on equality so as to reflect international democracy that fulfills the needs and interests of all countries and evolve policies which can be supported by all. Only in this way will it be possible also to meet the challenge of sustainable development for the world as a whole.

16. Achieving long-term sustainable development requires changes in the production patterns and wasteful consumption practices in the industrialized countries, as well as the reduction and ultimate elimination of poverty. International co-operation in this area should ensure that the measures for the conservation and protection of the environment must be based on just and equitable burden-sharing, through technology transfer and new and additional resources, and that the burden of any negative socio-economic effects on growth and development from measures to address global environmental problems is not borne by the developing countries.

17. There is an urgent need for substantial improvement in the international economic environment for accelerated and sustainable development in developing countries. In this context, we shall seek agreements, and corresponding actions, on the following aspects:

- taking account of growing interdependence, the strengthening of observance of multilateral rules with a view to creating better conditions for effective competition and equitable integration of developing countries in the world economy;

- halting and rolling back of all forms of protectionism by developed countries which prevent genuine international competition and result in harmful effects and economic losses for developing countries; and ending discriminatory restrictions against developing country exports;

- wider implementation and extension of the principle of debt and debt service reduction to cover all types of debts and countries, with a view to finding a durable and comprehensive solution to the debt problems of developing countries;

- reducing international real interest rates and correcting misalignment and volatility of major currencies with a view to bringing about international monetary and financial stability;

- reversing the net transfer of resources from developing countries and achieving a substantial increase in the non-debt-creating capital flows, as well as bilateral and multilateral official development assistance;

- seeking ways and means of establishing a link between the creation of SDRs and development finance needs;

- adopting appropriate measures and mechanisms for directing part of the resources that may be released from the recent agreements and the continuing process of disarmament for the purpose of meeting developmental challenges, particularly those facing developing countries;

- enabling developing countries to build competitive service sectors and seeking ways and means of giving effective and preferential market access to their services exports in developed countries;

- adopting national and international policies and encouraging sound managerial practices to ensure unhindered access to critical technologies and facilitate transfer of technologies to developing countries and help them build up endogenous technological capabilities;

- adopting international policies that help harness the dynamism, global resources and capabilities of transnational corporations towards the building of endogenous technological capacities in developing countries, as well as introducing an international framework for the promotion of competition and the safeguarding of competitive functioning markets;

- strengthening commodity markets and promoting diversification, including further commodity processing, in commodity dependent developing economies.

18. The outcome of the Uruguay Round of Multilateral Trade Negotiations should be balanced and equitable, and provide greater security and predictability to the multilateral trading system. It should lead to developing countries obtaining a meaningful, beneficial and substantial package of concessions covering all sectors, particularly market access issues, and should operationalize the principle of differential and more favourable treatment for developing countries in all areas of the negotiations as well as provide for adequate compensation for any losses. In the new areas, developing countries should have the flexibility to use policy instruments to access technology and ensure its use in the public interest for meeting developmental objectives. They should not be made to undertake obligations inconsistent with their development financial and trade needs.

19. The adoption of the Programme of Action for the Least Developed Countries for the 1990s by the Second UN Conference on LDCs is welcomed with satisfaction, and the international community is called upon to implement the Programme fully and expeditiously. To complement the domestic efforts and policies of the LDCs within the framework of the Programme of Action, the developed donor countries should redouble their efforts to reach their ODA targets and take urgent action to alleviate the LDCs' debt burden. There should also be substantially improved market access for the exports of the LDCs.

The need for revitalizing UNCTAD

20. We reaffirm the continuing validity of the central mandate of UNCTAD on trade and development issues and its role as a universal and democratic forum for global economic policy analysis, co-ordination and negotiations as well as an instrument for the provision of technical assistance to developing countries. The existing network of international economic relations and institutions has to be made more supportive of the development process and adapted to the changes that are taking place in the political and economic environment. UNCTAD has a crucial role to play in the new global situation. For that, UNCTAD must undergo the necessary institutional adaptation in the context of the ongoing reform of the economic and social sectors of the United Nations. In particular, UNCTAD should contribute to the evolution of universal and comprehensive institutional arrangements for a development-oriented international trading system that respond to the interests of all members, particularly developing countries, and ensure equitable distribution of benefits of international specialization. In the context of global interdependence, UNCTAD should also act as a catalyst for building a new international consensus between developed and developing countries on the fundamental principles that should govern international economic relations.

21. It is thus essential that every effort should be made to strengthen the effectiveness and relevance of UNCTAD in international and national policy-making. At UNCTAD VIII an action-oriented work programme for international co-operation should be agreed upon. UNCTAD's role should be reinforced in the identification and analysis of emerging issues and the analysis of interdependence, in the formulation of national and international policy strategies for the development of developing countries and in the

review of relevant policies of the other multilateral economic institutions. Its negotiating role should be expanded to cover specific agreements open to all interested countries as well as the initiation of processes of analysis and intergovernmental dialogue and co-operation that would culminate in negotiations. Effective surveillance and follow-up mechanisms should be set up to ensure that decisions are translated into concrete action. Decisions in UNCTAD should contribute to decision-making in other international fora, with which UNCTAD should have greater interaction at the appropriate level. Mutual support between UNCTAD and other organizations of the UN system should be strengthened. The involvement of relevant non-governmental actors should be encouraged.

22. In order to revitalize UNCTAD's prominent role as a universal forum of negotiation, it is necessary to introduce changes in the structure of the intergovernmental machinery, methods of work and the mechanisms and methods of negotiation by allowing complementary forms of country association through a flexible group system. The UNCTAD secretariat must be given the necessary authority and independence and provided with adequate resources to carry out effectively the task entrusted to it.

The task ahead

23. In recent years developing countries have been in the vanguard of change. It is now time that developed countries respond positively and demonstrate their political will to meet the challenges of change.

24. In the evolving international political context, how to ensure that the improved political security situation in the North could provide a stimulus to growth and development and improve security in the South, how to meet the challenges of interdependence and sustainable development, how to realize the potential peace dividend and channel it for development of developing countries, are the major tasks for the 1990s. Undertaking these tasks should be a major driving force for strengthening international economic co-operation based on a new partnership in development. In an increasingly interdependent world, peace, prosperity, and political and economic security are indivisible.

THE SUBSTANTIVE PLATFORM OF THE GROUP OF 77

FOR INTERNATIONAL COOPERATION

THE SUBSTANTIVE PLATFORM OF THE GROUP OF 77 FOR INTERNATIONAL CO-OPERATION

Part one: Sectoral issues

Introduction

1. Ministers affirm that UNCTAD VIII should treat the issues on its agenda in an integrated and comprehensive manner: Governments should address the agenda in a positive spirit, aimed at achieving concrete, action-oriented results; the results of UNCTAD VIII should provide for specific, operational mechanisms to ensure the effective implementation of the decisions taken; and their Governments would be putting forward specific proposals in this respect.

I. Resources for development

Policies and measures in the areas of:

External debt

2. A durable solution to the debt crisis should bring more debt relief in terms of higher percentages of debt reductions and, where applicable, refinancing, as well as comprehensive coverage of beneficiary debtor countries, including official bilateral and multilateral and commercial debt, and be based on objective economic criteria, not political preferences or narrow financial concerns. This should include inter-alia:

(a) In regard to the external debt incurred with commercial banks:

- Enlarging the scope for debt and debt service reduction in the context of the strengthened debt strategy;

- Anchoring the negotiation process between debtor countries and commercial banks on authoritative estimates of the country's debt reduction and cash flow needs.

- The promotion of initiatives aimed at giving creditors greater incentives to put forward plans for debt and debt service reductions, and in particular, studying by Governments of developed countries of the possibility of tax incentives to creditor banks in their own countries.

- Accompanying any increase in the financial support for debt reductions provided by multilateral financial institutions and the regional development banks by measures to put additional funds at the disposal of these institutions.

- Serious consideration by creditors of new and bolder initiatives, for instance the establishment of an international debt facility.

(b) With regard to debt owed to official bilateral creditors:

- The cancellation by industrialised countries of all official bilateral debt (both concessional and non-concessional) of all least developed and IDA-eligible countries, as well as other severely indebted low-income countries, including both Paris Club debt and debt owed to other developed countries, and ensuring that debt cancellation is additional to ongoing and future aid programmes.

- Urgent implementation by Paris Club creditors of a substantial debt reduction for middle-income countries in line with the treatment extended to some countries. In this connection, a principle similar to the most favoured nation treatment should be applied.

(c) With regard to debt owed to multilateral financial institutions (MFIs):

- Provision of adequate financial assistance to developing countries in order to help clear arrears to the MFIs. The strengthened arrears strategy of the Bretton Woods Institutions should be reviewed.

- Measures aimed at reversing the negative transfer of financial resources to developing countries should include, inter alia, ensuring enough new disbursements and longer repayment periods; the revising of current policies and operating procedures with a view to reducing financial costs; and the restructuring of debts owed by interested countries to these organizations.

3. Other measures should include:

- Deepening and broadening the involvement of UNCTAD in the search for practical solutions to the debt problems of developing countries.

- Urgent consideration of debt reduction for low income countries with substantial debt burdens which continue to service their debt and meet their international obligations at great cost.

- Promotion of new financial formulas, within the framework of the reduction of debt and debt service for indebted developing countries, in particular for those countries that have admittedly made the greater efforts for the timely fulfillment of their external financial obligations.

- Establishment and effective utilization of a framework assuring that industrial country donors and official as well as private creditors consider a country's debt problem in a co-ordinated manner so that the overall financing requirements in relation with a country's medium-term development will be met.

- Strengthening technical co-operation among developing countries in the area of external debt with the support of the UNCTAD secretariat through the implementation of programmes for the exchange of experiences in debt negotiations.

- Pursuing effective solutions of the debt problems of severely indebted non-restructuring countries.

- Strengthening the role of the UNCTAD secretariat in regard to assistance to countries rescheduling their official bilateral debt with the Paris Club, as well as assistance to developing countries in other debt renegotiations and in debt management in general. This assistance should include, inter alia, making estimates of developing countries' debt reduction and cash flow needs.

Transfer of resources

4. The process of structural adjustment in developing countries needs to be adequately supported and funded. This requires a substantial increase in the resources, particularly concessional resources, available for this purpose from bilateral and multilateral sources. In addition, it is important to ensure that associated macro-economic and structural policy conditions take due account of the specificity of the economic needs and conditions of developing countries. Aid transfers should be free from non-economic conditionalities.

5. As a matter of urgency, developed countries should implement necessary adjustment measures, particularly in those areas where they would have a positive impact in stimulating economic growth in developing countries. Developed countries should also take steps to reduce external and fiscal imbalances, increase savings and promote a healthy and open world economy. In this regard, developed countries should adopt an appropriate mix of fiscal and monetary policies conducive to a decline in interest rates and ensure effective policy coordination with a view to promoting the stability of exchange markets.

6. Donor countries should redouble their efforts to attain their internationally agreed aid commitments to developing countries (0.7% of GNP). Such flows should be placed on a stable, assured and predictable basis.

7. MFIs are urged to provide additional financial resources to developing countries in order to meet their long-term development needs and to make up for any decline in ODA. MFIs should, therefore, be provided with adequate resources.

8. Efforts to provide financial assistance to the countries of Central and Eastern Europe should not be at the expense of developing countries.

9. For their part developing countries will continue to pursue measures to enhance their investment climate, particularly as regards inflows of foreign direct investment and other non-debt-creating financial flows, as well as policies oriented at promoting repatriation of flight capital. These efforts would need to be supported by innovative incentives and promotional measures by developed countries and the World Bank Group.

10. The provision of additional resources to low-income countries is a matter of top priority. Steps should be taken to increase the resources of the World Bank's Special Programme of Assistance for debt-distressed low-income countries. Similarly, financial flows under the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility should provide medium-term concessional loans to low-income countries.

11. There is need for a new, substantial allocation of SDRs and to establish a link between the creation of SDRs and development finance needs. This allocation should be kept free from any conditionality and be followed on by further regular allocations.

12. All countries, especially those countries possessing large nuclear and conventional arsenals, should seek and continue to reduce military expenditures. A substantial part of resources released, including in particular those resulting from recent agreements and the continuing process of disarmament, should be channeled to social and economic development for the benefit of all countries, in particular developing countries. There is an urgent need for sustained multilateral efforts to make progress on the entire range of disarmament issues.

13. The UNCTAD secretariat is called upon to undertake analysis and make proposals, as well as to provide technical assistance to developing countries in the above-mentioned areas.

14. Full support should be given to the proposal of the Secretary-General of the United Nations to convene an international conference on the financing of development, building on the outcome of UNCTAD VIII.

Financing of environmental protection

15. The international community must ensure that financing of environmental protection is truly additional, and not at the expense of regular development activities. In particular resource flows from developed countries should be additional to current ODA flows and be provided as grants and on concessional terms. In addition, other financing mechanisms, including market-related transfers, should be encouraged. Co-operation is called for between creditor countries and multilateral financial institutions and developing countries in the implementation of debt conversion schemes for the protection of the environment. These principles should be reflected in agenda 21 of UNCED.

16. The UNCTAD secretariat should analyse the developing countries' need for supplementary financial resources, particularly those associated with growing concern about local and global environmental issues and identify the means to meet such needs.

Domestic resource mobilisation
Human resource development

17. Developing countries should continue to give the necessary priority to the development of human resources, especially with regard to women, and the provision of basic public goods. However, their efforts in this area have been undermined by many factors including a worsening of their economic situation and the consequent shortage of investible resources. These have been further exacerbated by the cuts in public expenditures on health, education and other basic social services in the context of structural adjustment programmes. There is, therefore, a need to reverse this trend. External financial and technical assistance through bilateral and multilateral channels is crucial in this regard.

18. The international community is called upon to assist developing countries in their efforts to enhance the mobilisation of domestic resources.

II. International trade

19. The linkage between trade, growth and development is at the centre of UNCTAD's work. A central objective in the trade and development field is that the pattern and direction of international trade, as well as the framework of rules that govern it, should enable all countries, particularly developing countries, to benefit fully from the production and exchange of goods, services, technology and information across national frontiers. To this end, UNCTAD VIII should seek a new international consensus for a healthy, secure and equitable international trading system and a harmonious blend of mutually supportive policies and measures in the area of trade, development finance and monetary issues, taking into account the right of each country to choose its own socio-economic system and promote the welfare of its people in accordance with its own policies and plans. A sustainable international trading system which is fair and equitable should remove discriminatory restrictions on developing countries' exports and give concrete expression to the concept of differential and more favourable treatment for developing countries. At UNCTAD VIII, developing countries expect a commitment from their developed partners to work together towards these objectives.

Protectionism, structural adjustment and trade liberalization

20. The objective is to halt and reverse protectionism and to bring further liberalization and expansion of world trade to the benefit of all countries, in particular developing countries. In this context, UNCTAD should:

(a) continue its review of protectionism and structural adjustment, market access and policies affecting trade, with particular reference to the impact on developing countries;

(b) conduct studies on the trade policy reform experiences of developing countries with a view to:

- facilitating the exchange of experiences;

- identifying the international support measures that may be needed;

- quantifying the trade creation effects of autonomous liberalization and designing modalities for appropriate credit and recognition;

(c) strengthen its technical assistance in the trade area to countries which request it, including in the field of trade policy reform.

(d) extend upon request technical assistance to developing countries for their effective participation in the GATT Trade Policy Review Mechanism (TPRM).

21. As called for in the Final Act of UNCTAD VII, member States of UNCTAD, particularly developed countries, and their regional groupings having competence in the area of trade policy, should establish independent transparent mechanisms for evaluating protectionist measures sought by firms/sectors and the implications of such measures for the domestic economy as a whole and their effects on the export interests of developing countries. In this connexion, UNCTAD should:

- Promote the establishment of national transparent mechanisms, including the evolving of features for such mechanisms, and facilitate their interaction with governmental representatives at the international level with a view to enhancing the adoption of concerted policies in the fight against protectionism.

22. UNCTAD should review the impact of emerging regional trading groups or arrangements and their policies on developing countries, non-participants and the multilateral trading system.

23. UNCTAD should review the impact on developing countries of the process of integrating the countries of Central and Eastern Europe into the international trading system and the world economy. In this regard the focus should be (a) on identifying new opportunities for developing countries in trade and economic co-operation with countries of Central and Eastern Europe that may have emerged from the ongoing process of reform in the East; and (b) on technical assistance to develop and take advantage of these opportunities.

Generalized system of preferences

24. It is essential that GSP schmes continue to be renewed. In this context, the Ministers took note of the decisions of some preference-granting countries to extend their schemes for another decade and urged other preference-granting countries to do likewise.

25. Taking into account the recent developments, including in the Uruguay Round, affecting market access of developing countries in areas of export interest to them, GSP schemes should be substantially improved through:

- an increase in preferential margins and duty-free treatment;

- comprehensive product and country coverage;

- substantial reduction or elimination of non-tariff measures, a priori limitations and restrictions on preferential imports and frequent withdrawals of preferential benefits, so as to impart stability and greater predictability to the schemes;

- improved and simplified rules of origin criteria;

- increased technical assistance to allow developing countries to fully benefit from the system.

26. The scope of the generalized system of preferences (GSP) should be extended to cover all applicable barriers affecting developing countries' exports in goods and services to developed countries.

The Uruguay Round of MTNs

27. The Ministers recalled paragraph 105(8) of the Final Act of UNCTAD VII, where the Trade and Development Board had been instructed to "follow closely developments and issues in the Uruguay Round of particular concern to the developing countries". In this context, UNCTAD should:

- Undertake an extensive evaluation of the results of the Uruguay Round, from the viewpoint of the developing countries and of their impact on the international trading system.

- Identify the problems and opportunities the developing countries face in international trade in goods and services in the 1990s, follow attentively trade negotiations in other fora, promote consensus and prepare proposals for negotiations and possible agreements.

- Continue to give assistance to the developing countries in the Uruguay Round, as well as in the implementation of its results and subsequent negotiation.

The Secretary-General of UNCTAD should be requested to submit a comprehensive report on these issues, including recommendations for action, to the Trade and Development Board.

Trade and environment

28. The Conference should:

- recognize that substantially improved market access and remunerative prices for developing country exports of commodities and manufactures would, by producing greater income for less resource depletion, have a positive environmental impact;

- agree that trade-restricting measures are neither an objective nor an efficient means of promoting environmental protection and in fact will lead to proliferation of trade restrictions and harassment that would undermine the open multilateral trading system.

- recognize that unilateral application of restrictive trade measures against developing countries' exports, professedly on environmental grounds constitutes unjustified trade barriers and inherent discrimination against them;

- recall paragraph 23 of the Stockholm Declaration to the effect that standards of environmental protection valid for advanced countries may not be so for developing countries and may impose unwarranted social and economic costs on the latter;

- recognize that the recent war in the Persian Gulf area has adversely affected the trade and environment of the region and beyond, including the marine environment, and appropriate remedial action is called for at the regional and global levels.

29. In this context, the UNCTAD secretariat should:

- analyse the relationship between environmental policies and trade, including the implications for developing countries of the proposals on harmonization of standards and environmental regulations;

- monitor trade measures that have a bearing on the environment as well as environment-related policies as a source of disguised protectionism, and explore possible criteria that may provide safeguards against such protectionism;

- continue its contribution to the preparations for the United Nations Conference on Environment and Development (UNCED), as well as contribute to the follow-up and implementation of the outcome of UNCED;

- analyse the impact of developed countries' environmental policies and the consequences of changes in the pattern of production, trade and technology in developed countries on developing countries;

- work towards evolving a conceptual framework for establishing the link between the removal of trade barriers on goods and services (including access to technology and to labour markets across countries) and the enhancement of sustainable development of developing countries;

- provide technical assistance from additional resources to developing countries in this area.

The Secretary-General of UNCTAD should be requested to submit reports on these issues, including recommendations for action, to the Trade and Development Board.

Restrictive business practices and international competition policies

30. UNCTAD should expand its action with regard to agreements and rules on policies and regulations for the control of restrictive business practices, in order to protect international competition, ensure the proper functioning of markets and efficient resource allocation, and bring about genuine liberalization of international trade. Negotiation in UNCTAD, preceeded or accompanied by appropriate conceptual and technical work by the secretariat, should be directed towards evolving a comprehensive and development-oriented framework for the prevention of restrictive business practices and the promotion of competition in international trade. It should cut across such areas as technology, services, investment and commodities.

Global infrastructures for trade and trade facilitation

31. There is an urgent need to set up a truly universal electronic data interchange (EDI) in particular and 'networked markets' in general so as to give developing countries access to the new opportunities for trade facilitation and efficiency stemming from recent advances and the application of information technologies in this area. UNCTAD VIII should launch the processes for an International Conference on Global Infrastructure for Trade and Trade Efficiency which would specifically focus on the infrastructure and technologies required by developing countries to access new sources of trade competitiveness.

32. Improvement of transit facilities is vital for the expansion and development of the foreign trade sector of the land-locked countries. These countries and their transit neighbours should be assisted by the international community through financial and technical assistance for the improvement of their transit infrastructure. In this connection, UNCTAD should continue and strengthen its technical cooperation programme in the area of transit transport facilitation.

Improving the international trading framework

33. UNCTAD has a basic mandate on trade and development issues, and a role as a universal and democratic forum for the discussion, analysis and negotiation of the multilateral framework of rules and modalities of international trade. Noting the ongoing discussions in the United Nations system, including General Assembly resolution 45/201, on strengthening institutional arrangements in the area of multilateral trade and proposals in the Uruguay Round for a multilateral trade organization to service the results of the Uruguay Round, there should be a discussion at UNCTAD VIII on the issue of universal and comprehensive institutional arrangements for a development-oriented international trading system.

34. Any strengthened institutional arrangements for international trade should be comprehensive in subject coverage, universal in membership, based on agreed objectives and disciplines, responsive to the interests of all members, particularly the developing countries, and democratic in decision-making, with the ultimate aims of ensuring that all countries are enabled to enhance their capacity to compete in world trade and of achieving an equitable distribution of benefits from international specialization.

35. In accordance with UNCTAD's mandate to review the effectiveness and further evolution of institutional arrangements in the area of international trade, UNCTAD should take measures to promote such discussions, take them into consideration in the course of its own institutional improvement and provide operative assistance to this process. In particular, the Secretary-General of UNCTAD should be requested to submit a report to a special session of the Trade and Development Board on ways and means for enhancing UNCTAD's contribution to the strengthening of institutional arrangements in the area of international trade, taking into account current relevant proposals, as well as for improving the institutional effectiveness of UNCTAD. In this connection, the Secretary-General should convene, in consultation with relevant international organizations, academic and independent institutions and experts, an ad hoc group of eminent persons to assist him.

III. Technology

36. The Ministers note with serious concern that the technological gap between developed and developing countries is widening and that the changes in the patterns of international competitiveness being brought by the new technological revolution and the globalization process is placing developing countries at a further disadvantage in their commodity, manufactures and services production and trade.

37. Developing countries are giving greater emphasis to access to and transfer and development of technology, including scientific and technological aspects of educational policies and programmes to strengthen their technological capacities. In order to enable them to cope with and benefit from the advancement of technologies, new actions could be taken which should include the establishment of co-operative arrangements and joint ventures between developed and developing countries in R and D activities. These actions should also include the provision of substantial financial resources, on affordable terms, to enable the financing of R and D and skill formation, as well as to import foreign technological inputs as a complement to local technological efforts.

38. Special measures should be undertaken to enhance co-operation among developing countries, including their regional groupings. These measures may cover such areas as technology transfer and co-operation, R and D activities, personnel training, technical co-operation and exchange of experience. The developed countries and international organizations are urged to support and fund this co-operation, particularly technical training of cadres of developing countries in other developing countries.

39. Developed countries should assure, in their trade and technology policies, unhindered access of developing countries to critical, high, new and emerging and state-of-the-art technology. In this regard, developing countries express their deep concern over the restrictions imposed by some developed countries on the transfer of advanced technologies to developing countries for political reasons. Transnational corporations should be encouraged to contribute to capacity building in host developing countries through, inter alia, transfer of technology, training, creation and development of infrastructures, and formation of managerial capabilities. Particular attention could also be given to the promotion of technological innovation at the level of the firm.

40. The technological capacity of developing countries will be enhanced by promoting the access to and diffusion and transfer of technology on fair and equitable terms and conditions. UNCTAD should review the conditions of access to technology by developing countries and propose measures to improve such access with a view to facilitating the international transfer of technology.

41. Support should be given to developing countries in their efforts to create and develop the infrastructure, skill and knowledge base necessary for the acquisition, adaptation and generation of environmentally sound technologies and for strengthening entrepreneurship in developing countries. Developed countries must speed up the transfer of new and environmentally sound technologies to developing countries and provide them with assured access to the best available of those technologies on preferential and non-commercial conditions in order to enable developing countries to improve the quality of growth and enhance their development prospects.

42. The international community should help those countries which lack basic endogenous technological infrastructure to build up their own technological and skill capabilities.

43. In view of the growing role of technology and trade-related information networks in facilitating international technology and trade transactions and the need to ensure that all countries benefit from these networks, an Information Network for Technology, Trade and Development should be established in UNCTAD.

44. Technical assistance through various modalities should respond to evolving needs and requirements of developing countries and assist their efforts in creating conditions conducive to technological innovation and R and D capacity-building, facilitation of technology acquisition, adaptation and utilization, and human resource development. It should also include training at firm level, comprising as well operating plants, design and engineering and R and D organizations. In the area of technical assistance, UNCTAD through its Advisory Service on Transfer of Technology (ASTT) should continue to support the developing countries in order to strengthen their technological capacity. In this regard, Governments of developed countries and financial development institutions, in particular UNDP, are called upon to increase their financial support to the ASTT, enabling it to provide effectively the necessary assistance in the field of technology.

45. In the elaboration of any system of intellectual property rights, consideration must be given to the public policy and development objectives underlying national systems of intellectual property of developing countries and to their need to import technology and to promote endogenous technological development. In this respect, it should be recognized that levels of intellectual property protection should be in consonance with stages of development, that the working of patents constitutes an important component of technology transfer and that appropriate disciplines for the control of restrictive practices are necessary. Also, any framework on intellectual property rights protection should provide for measures to facilitate access to technology by developing countries on fair and equitable terms and conditions.

46. On the basis of the advances made in the talks on an international code of conduct for the transfer of technology and within the framework of a new international dialogue, UNCTAD VIII should agree to undertake work on the establishment of a global framework of principles and guidelines in order to facilitate the international transfer of technology on favourable terms and conditions and to encourage international technological co-operation among Governments and enterprises, leading to the strengthening of endogenous technological capacities.

47. In relation to the negative impact of reverse transfer of technology, developed countries and international organizations should strengthen and further support the programmes aimed at sponsoring short-term visits of experts of developing country origin who are currently working in firms and institutions of the developed countries. These programmes would help developing countries in their efforts to further develop their indigenous technological base.

48. To further promote technological capacity building in developing countries and to enhance international co-operation in the above areas, UNCTAD is called upon to intensify its research and policy analysis, in particular on the interrelationship between technology, trade, investment and development, and its technical assistance activities.

IV. Services

Development and strengthening of the services sector in developing countries

49. It is a matter of priority to develop and strengthen the capacity of the service sector of developing countries and expand their service exports. This calls for the execution of national strategies to attain these objectives, regional cooperation among developing countries and supportive action in the relevant international fora. Such actions should include:

(a) multilateral commitments and concerted policy actions for transfer of technology to build up their technological and human capabilities;

(b) effective market access for the service exports of developing countries, including through the temporary movement of labour for the supply of services;

(c) effective access to and participation of developing country service suppliers in information networks and distribution channels;

(d) control of anti-competitive practices of TNCs, through effective multilateral rules and principles and national legislation;

(e) policies to promote training, acquisition and transfer of technology, know-how and know-why to benefit the developing countries;

(f) financial assistance on concessional terms by donors and multilateral bodies to enable developing countries to update their technological base, promote human skill formation and construct and/or improve basic services infrastructures, including sub-regional and regional transportation;

(g) promotion of joint ventures, as a condition for market access, which provide for the strengthening of developing countries' infrastructures and endogenous technological capacity;

(h) commitments by developed countries to provide enhanced ODA and credit lines on soft terms for the financing of service infrastructures in developing countries;

(i) establishment of contact points for information relating to the registration, recognition and obtaining of professional qualifications, the commercial and technical aspects of the supply of services and the availability of services technology.

50. The multilateral framework of trade in services being negotiated in the Uruguay Round should be a viable instrument for promoting a healthy, secure and equitable world economy and provide clear scope for increasing participation of developing countries and symmetrical treatment of the movement of capital and labour. Developing countries should not be required to undertake commitments inconsistent with their developmental objectives and needs. Developing countries with a low level of development of their services sector, particularly the least developed countries, should not be required to undertake initial commitments as a precondition to participating in an eventual agreement on trade in services. The principle of progressive liberalization of trade in services should be fully respected and practically interpreted in the services negotiations.

51. UNCTAD's mandate with respect to services should be strengthened. UNCTAD should act as a forum for global analysis, dialogue, consultation and negotiation among countries in the context of an integrated programme of international cooperation to help developing countries overcome their handicaps in this sector, increase their share of exports in world trade in services and enhance the contribution of services to their development. In this context, UNCTAD should:

(a) examine the crucial role played by the services sector in the development process in order to help design strategies to strengthen this sector in the developing countries, and their production and export capacity.

(b) identify ways and means to increase the developing countries' share in world trade in services and to remove the obstacles faced by the developing countries in their export of services.

(c) identify measures aimed at strengthening the institutional, technological and telecommunications infrastructure of the developing countries, including the incorporation into the services sector of new technologies that are of strategic importance for their development.

(d) design measures to allow developing countries access to information networks and distribution channels without which their export possibilities are limited.

(e) promote consultations and possible intergovernmental agreements for improving or protecting the functioning of the services markets, including control of anticompetitive practices.

(f) improve statistics relating to the services sector and increase knowledge on legislation affecting this sector.

(g) identify ways and means of providing preferential market access for service exports from developing countries.

(h) follow up and review the implementation of the results of the Uruguay Round negotiations on trade in services.

52. UNCTAD should oversee developments and trends in individual services sectors, taking account of developments in other organizations with respect to increasing participation of developing countries in trade in these sectors, and identify problems facing such participation and suggest solutions, in particular on: (i) the best strategy to ensure growth of an indigenous service sector; (ii) conditions of market access for foreign firms; (iii) strengthening of educational systems and training infrastructures; (iv) removing obstacles to temporary mobility of labour and recognition of qualifications; (v) overcoming problems of infrastructural investment and obstacles to access to information networks and distribution channels; (vi) identification of new technologies in services which are strategically important for development and which enable the developing countries to plug into the international network of trade in services; (vii) identification of barriers to developing countries' trade in specific sectors.

53. UNCTAD's valuable technical assistance work should be extended and enhanced to support pursuit of these objectives, with particular attention to: design of strategies to improve the national production and services export capacity of the developing countries; improvement of knowledge of the sector at a national level in quantitative and legislative terms; support to the developing countries in multilateral negotiations on trade in services; the incorporation of services in regional integration schemes, and the execution of joint regional projects in specific sectors of services.

Maritime transport services

54. Resolutions and Conventions adopted under the auspices of UNCTAD that aim at a more equitable participation of developing countries in world shipping by recognizing the right of developing countries to participate in the carriage of their foreign trade should remain the cornerstones of an international shipping policy based on the equality of all maritime partners. Any instrument resulting from the Uruguay Round multilateral negotiation on trade in services should preserve the role of the United Nations Convention on a Code of Conduct for Liner Conferences as an international regulatory framework, as well as the achievements made over the last two decades in reconciling different shipping objectives of the developed and developing countries.

55. Assistance should be provided to developing countries in establishing bilateral and multilateral agreements between land-locked and coastal countries. UNCTAD and other international organizations should provide technical and financial assistance for the implementation of the Second United Nations Transport and Communications Decade for Africa, especially in the field of maritime transport, including through the establishment of joint ventures in shipping services, shipbuilding and repair services; harmonization of national shipping policies; documentation and procedures to facilitate maritime trade; aid to navigation and shipping communications; and manpower development in ports and multimodal transport. Regional cooperation in maritime transport also requires support from the international community and donor agencies.

56. UNCTAD's Advance Cargo Information System (ACIS) should be incorporated into the regular work programme of UNCTAD and expanded to cover all African and other developing countries.

V. Commodities

57. A strengthened and effective international policy on commodities should aim at achieving a long-term solution to commodity problems and maximizing the contribution of the commodity sector to development. While preserving the spirit and principal objectives of the Integrated Programme for Commodities, the following goals are emphasized:

(i) Achieving a better balance between supply and demand for commodities at improved real prices that are remunerative and just to producers and equitable to consumers;

(ii) Ensuring greater stability of commodity prices and of revenue from commodity exports;

(iii) Improving market access for commodity products of developing countries;

(iv) Increasing transparency and halting speculative practices and manipulation of commodity markets;

(v) Making production and marketing structures for commodities in developing countries more efficient and competitive;

(vi) Maximizing export earnings of developing countries through active and increased participation in processing, marketing and distribution, including transportation;

(vii) Achieving a gradual reduction of the excessive dependence of developing countries' economies on the export of a few commodities;

(viii) Promoting and developing resource-based industries in developing countries;

(ix) Ensuring proper management of natural resources with a view to guaranteeing sustainable development.

Instruments, policies and measures

58. Instruments, policies and measures should cover the following:

(a) International commodity agreements and arrangements. Negotiations between producers and consumers on concluding strengthened, effective and more efficient international agreements or arrangements, including study groups, should be promoted. In this regard, urgent attention should be paid to the agreements on cocoa and coffee. Health matters, technology transfer and services associated with the production, marketing and promotion of commodities should be incorporated or strengthened in commodity negotiations and international commodity agreements.

(b) Access to markets. Dismantling of barriers which restrict the access of developing country commodity products in primary and processed forms to developed countries' markets, and improving developing country access to technology.

(c) Diversification. Resources for processing, marketing, distribution and transportation and horizontal diversification, including crop substitution, should be increased. A special fund for LDCs and African countries should be set up to assist them to that end.

(d) Compensatory financing. The need to maintain, improve and strengthen existing compensatory financing mechanisms, namely the IMF-CCFF, the ACP-EEC STABEX, and the Swiss schemes, and the desirability of other developed countries introducing similar schemes in order to relieve the chronic insufficiency of finance needed to meet export earnings shortfalls. Measures to be adopted in this field should lead to the establishment of a universal commodity-related compensatory financing system covering all countries and all commodities, operating on highly concessional terms and

conditions and ensuring sufficient and timely disbursement of resources. This system should provide long-term commodity-specific finance to tackle the root causes of the short-falls and to enhance processing and diversification in the commodity sector. These questions, as well as actions taken or required in the area of compensatory financing of export earnings shortfalls, should be kept under continuous review in UNCTAD. The UNCTAD secretariat should follow developments in various compensatory financing schemes and their implications for the development of developing countries.

(e) The importance of a favourable external environment. Since policies of developed countries by and large determine the external environment, including world market conditions for commodities, these policies, including monetary and fiscal measures, both at the macro and the commodity level, must be revised to take into account their impact on developing countries.

(f) National policy co-ordination and transparency. With a view to achieving policy co-ordination and increased transparency, cooperation among interested developing country commodity producers, as well as among commodity producers and consumers, should be strengthened.

(g) The Common Fund for Commodities. The Conference should express strong support for the Common Fund for Commodities and welcome the commencement of operations of the Second Account. Countries which have not yet joined the Common Fund should, as soon as possible, accede to the Agreement Establishing the Common Fund for Commodities. Efforts should be speeded up by ICBs to elaborate project proposals, including proposals on diversification, to be submitted to the Common Fund for financing through the Second Account.

Role of UNCTAD

59. UNCTAD should remain the principal forum for establishing a consensus on international commodity policy. It should therefore continue to promote and monitor international cooperation in the field of commodities. This includes periodic and global reviews on the situation of and prospects for commodities in order to be able to define possible courses of action at the national, regional and international level for submission to Governments for their consideration. A firm commitment and appropriate decisions concerning a strengthened international commodity policy should be taken at UNCTAD VIII. As a result, a special session of the Trade and Development Board should be convened to study ways and means of implementing the above-stated policies and measures.

Sustainable development and the commodity sector

60. Price levels for natural commodities and their synthetic competitors must fully reflect environmental costs and resource values. Technical and financial support should be extended to developing countries to improve the competitiveness of natural products with respect to synthetics and substitutes. Environmental concerns should not create obstacles to trade in commodities nor be used as a way to obtain trade concessions or access to

natural resources. Standards in this area should not be devised unilaterally, but should be internationally negotiated. International co-operation should facilitate the transfer of technology for environmentally sound methods of commodity production and processing. Such technologies should be freely available to developing countries on terms and conditions which reflect the importance of environmental protection for mankind. Additional international finance should be made available to develop technologies to cope with environmental problems specific to commodity production and processing in developing countries.

Part two: Broad policy objectives

61. The policies proposed for development co-operation in relation to UNCTAD VIII aim to promote economic growth, technological capabilities and accelerated development in developing countries. To this end, it would be necessary to strengthen national, international and multilateral action for a healthy and equitable world economy, as well as to adopt policies for achieving the efficient allocation and use of human and economic resources. In line with the basic mandate of UNCTAD, the focus should be on international action and multilateral co-operation.

62. Good management and structural reforms at the national level - both in developed and developing countries - and at the international level are closely interrelated: better management at the international level has a positive influence on economic management at the national level and vice-versa.

63. Good management at the global level requires an efficient and equitable international economic system. There should be an agreed system of rules for international trade and economic relations in general, as well as co-ordination of macro-economic policies with the participation of all countries concerned; further, the effects of national economic policy measures on the international economy and on global development should be taken into account. Good management requires the resolution of conflicts between economic actors, even the powerful. This demands the strengthening of the mechanisms for resolving disputes in the areas of trade, investment, intellectual property, and the environment.

64. The international community must also show solidarity with the world's poor. This calls for international measures to alleviate problems of poverty and unequal income distribution in the world economy, implying flows of concessional resources, favourable treatment in trade matters for developing countries and a correction of malfunctioning markets. Good management involves management of the world's natural resources and ecological systems for future generations. Traditional concepts of economic efficiency should be reviewed to take into account the impact of economic activities on the environment, and international co-operation should be strengthened, including through the adoption of multilateral rules based on equitable burden-sharing to better conserve the environment.

65. Clearly, the difficulties of good domestic management are not exclusive to developing countries. The developed countries also have serious problems, as demonstrated by huge fiscal deficits and protectionism, as well as wasted resources. Moreover, the international impact of the absence of good management in the rich countries is much more serious than in the case of poor countries.

66. In considering national action, attention must continue to be focused on the policies of the developed countries. Nevertheless, it is recognized that developing countries, responsible for their own development, would have the task of breaking out of the recessionary inertia of the 1980s and of speeding up their development. They should continue to transform their economies on an environmentally sustainable basis, pursue good management and use resources efficiently. Their main concern would be to enable their peoples to meet their basic subsistence needs while encouraging them to participate more actively in the development process.

67. Recognizing that there are no universal solutions, developing countries should continue to adopt policies best suited to their individual requirements and objectives while keeping within the domestic social consensus, in order to correct all facets of their respective financial, monetary, economic and technical problems. Their quest for accelerated economic growth must integrate the pursuit of economic efficiency with their broader social objectives, including equity and environmentally sound policies. Developing countries also have to face the challenge of adjusting to the dynamic changes in the world economy, and to become internationally competitive by transforming their productive structures.

68. Due to rapid changes in world technology and new emerging trends in the development process, industrial restructuring acquires increasing importance as a long-term multi-dimensional process to enhance and facilitate the growth and development of developing countries. In this context, national and international macroeconomic policies, the mobility of capital both internally and externally, access to markets, coherence between national trade and investment policies and the mobilization of investments to promote competitiveness and the development of developing countries are significant in directing the course of industrial restructuring.

69. Developed countries have a major responsibility for adopting sound national and international policies in the use of resources because of their greater impact on the world economy and on the economic development of developing countries. The experience of the previous decades has shown that developing countries are vulnerable to the national and international actions of developed countries. Developing countries can only succeed if these policies and actions are supportive of accelerated and sustainable development.

70. Developed countries should seek the most efficient means of real resource transfers - both financial and technological - to developing countries, taking as their criterion the genuine needs of the recipient countries. Developed countries should shoulder their responsibility for structural adjustment and make the necessary transition in the international distribution of labour, production facilities, and allocation of resources, particularly in those areas (for example in agriculture and textiles) where such action would stimulate economic growth in developing countries. Elimination of trade-distorting subsidies and reduction of fiscal deficits in developed countries would also contribute to a more rational allocation of resources - national and international. Developed countries have a duty to replenish and sustain the global environment in proportion to their responsibility for damage done to the environment.

71. In undertaking reform programmes and in seeking to become integrated into the international economic arena, the countries of Eastern and Central Europe should take into account the needs of developing countries so that existing trade levels are maintained and prospects for their expansion opened up.

72. The United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) 1986-1990 has provided a unique framework of international economic cooperation and solidarity with the objective of reversing Africa's worsening social and economic conditions. UNCTAD should continue, within its mandate, to provide assistance to African countries, including continued analysis and research relating to problems of interest to Africa, as well as technical cooperation programmes in the region.

Part three: Least developed countries

73. UNCTAD VIII should express satisfaction over the adoption of the Programme of Action for the Least Developed Countries for the 1990s by the Second United Nations Conference on the LDCs held in 1990, and call upon the international community to implement the Programme fully and expeditously. It should urge the developed countries to provide adequate support to complement domestic efforts and policies of LDCs within the framework of the Programme of Action.

74. (a) UNCTAD VIII should call upon the developed countries to:

(i) implement their commitments to provide the LDCs with a significant and substantial increase in the level of highly concessional and non-debt-creating external financial resources, including compensation for the economic consequences of unforeseen external events; towards this end, donor countries should redouble their efforts to reach their ODA targets established in the Programme of Action;

(ii) reduce the debt stock and debt-servicing burden of the LDCs, including debt due to multilateral financial institutions; for this purpose:

- all developed country donors which have not yet implemented debt relief programmes should, as a matter of urgency, take steps to cancel or provide equivalent relief on all LDCs' ODA debt;

- the developed country creditors should agree to cancellation of all LDCs' bilateral official debt, including the non-concessional part of this debt;

- appropriate measures should be taken to alleviate the multilateral debt of LDCs, and new multilateral financing should be on concessional terms only;

- LDCs with overdue financial obligations should be helped to clear their arrears and be provided with finances required for adjustment programmes;

- additional resources should be provided to reduce LDCs' commercial debt through, inter alia, implementation of debt buy-back and conversion schemes;

- UNCTAD should convene, in collaboration with the relevant multilateral institutions and development funds, LDCs, donor countries, creditors, and NGOs, an expert group meeting to review the experience gained of mechanisms used so far for commercial debt reduction in the LDCs and to explore further initiatives which could be taken to help LDCs eliminate their commercial debt;

(b) As external trade is seen in the Programme of Action as a vehicle for net resource flows to LDCs, the Uruguay Round of multilateral negotiations should result in substantially improved market access for exports of LDCs. In this connection, UNCTAD VIII should call upon the international community to implement measures contained in the Programme Action, in particular:

(i) advanced implementation of MFN concessions of particular interest to LDCs made by the contracting parties to the GATT;

(ii) enhanced access for products of LDCs through the elimination of tariff and non-tariff barriers;

(iii) the fullest possible liberalization of trade in textiles negotiated in the Uruguay Round;

(iv) GSP schemes should be improved by increasing the range of products covered or the tariff concession, applying flexible rules of origin, special terms of ceilings, and greater long-term stability and predictability in the management of GSP schemes;

(v) developed countries are strongly urged to take steps to simplify procedures and help LDCs take full advantage of the GSP schemes;

(vi) the results in the TRIPS negotiations in the Uruguay Round should not further constrain technological capacity building, particularly with regard to access to technology by the LDCs; therefore the LDCs should be exempt from any additional obligations beyond those already undertaken in existing intellectual property conventions in order to provide them with adequate flexibility in meeting the immense challenge they face in their efforts for technological transformation;

(c) As stressed in the Programme of Action, the international community should intensify its support for LDCs' efforts towards diversification, increased processing and increased participation in the marketing of their products by providing adequate financial and technical assistance;

(d) The International Monetary Fund is called upon to facilitate LDCs' access to the resources of its CCFF on concessional terms; the EEC and Switzerland are requested to increase the resources of their compensatory programmes, and other developed countries to establish similar programmes;

(e) The twin problems of the LDCs' pervasive poverty and environmental degradation have to be tackled simultaneously to provide a basis for long-term sustained growth and sustainable development. The United Nations Conference on Environment and Development should provide for measures to enable the LDCs to pursue their efforts to incorporate environmental dimensions into their development objectives and policies. In order to fully benefit from such measures, the LDCs would require financial and technical support to strengthen their human, institutional and technological capacities;

(f) Urgent and sustained implementation by the international community of the measures outlined in paragraph 105 of the Programme of Action is called for in order to assist LDCs to overcome their technological backwardness and improve scientific skills and R and D capabilities for acquiring, adapting and absorbing modern technology;

(g) The General Assembly decided that regular monitoring of the progress on the Programme of Action should be undertaken at three levels, namely national, regional and global, and that the Trade and Development Board of UNCTAD should consider annually the review of progress at the global level. Country review mechanisms such as UNDP Round Tables and World Bank Consultative Groups would continue to constitute the backbone of the country review process. In this connection, the need for the following should be stressed:

(i) organizing country review meetings on a more systematic and regular basis;

(ii) assisting LDCs in strengthening their capacity to ensure their leadership role in the country review process;

(iii) establishing strong links between the follow-up at the national and the global levels;

(iv) for the Trade and Development Board to take corrective measures, when necessary, to ensure the realisation of the objectives of the Programme of Action.

Part four: Institutional matters: adapting UNCTAD to a changing international economic and political environment

75. The recent events and developments in the international economic and political environment have opened up possibilities for a new era of partnership among nations. In this new era, the development problematique constitutes a major challenge for international peace and security, and has therefore to be tackled with vigour and determination. UNCTAD, as a universal and democratic forum with a central mandate on trade and development issues, has a major role to play in these endeavours. In this context, UNCTADÑVIII provides an opportunity to impart a new impetus to the development co-operation dialogue by reaffirming UNCTAD's mandate and carrying forward, in a decisive manner, the necessary institutional adaptation in the context of the ongoing reform of the economic and social sectors of the United Nations.

76. Revitalizing UNCTAD's role and effectiveness in the emerging world should be viewed as a continuous process leading to improved mechanisms for the consideration of all interrelated development issues and for enhancing UNCTAD's role in a strengthened international trading system. The success of institutional revitalization will fundamentally depend on the political will of member States and on their commitment to fully utilize the possibilities and means offered by UNCTAD as a forum for constructive dialogue and negotiations conducive to the adoption of measures that can be implemented in a pragmatic fashion through reinforced and more operational mechanisms.

77. Institutional revitalization should thus strengthen UNCTAD's functions regarding global analysis and policy co ordination, negotiation and technical co-operation, as follows:

(a) Global analysis and policy co-ordination:

(i) The identification and analysis of emerging relevant issues in a rapidly changing world needs to be viewed as a major and integral element of UNCTAD's regular activities.

(ii) UNCTAD should continue to carry out a global analysis of the growing interdependence of issues and nations, and evaluate in particular the impact of such interdependence on the development prospects of developing countries. In order for UNCTAD to make a more effective contribution to policy co ordination on these issues, appropriate institutional arrangements should be established, including ministerial meetings of the Board.

(iii) As an essential part of its role in global analysis and policy co ordination, UNCTAD is expected to formulate strategies comprising national and international policy measures required for enhancing the development prospects of developing countries. Such strategies would normally comprise short, medium and long term policy measures.

(iv) The global analysis of interdependence by UNCTAD should comprise a systematic review of the policies and measures agreed upon at other multilateral financial and trade institutions (IMF, World Bank, GATT, etc.) in order to assess their implications for developing countries.

(b) Negotiations and follow up:

(i) New mechanisms and criteria need to be devised for promoting negotiation, which ought to be seen as the culmination of a process of dialogue and co-operation.

(ii) In addition to conferences aimed at achieving broad consensus on development co-operation, the negotiation of specific agreements with well-defined objectives, and open to all interested countries, should be promoted.

(iii) In fulfillment of UNCTAD's mandate and its role of global policy coordination, decisions and agreements reached in UNCTAD should contribute to decision making in other international fora and there should be greater interaction between UNCTAD and other institutions.

(iv) The participation at UNCTAD meetings of high level officials involved in decision making on economic issues should be encouraged.

(v) Effective surveillance and follow up mechanisms should be established so that decisions and resolutions adopted in UNCTAD are translated into concrete action. Such mechanisms would need to apply to broad issues falling within its mandate as well as to specific issues for which UNCTAD has a follow up responsibility.

(c) Technical co-operation for developing countries:

(i) Technical co-operation has been growing in importance among UNCTAD's endeavours, and needs to be action-oriented and further strengthened and expanded.

(ii) To this end, there is a need to further enhance the links and cross-fertilization between the secretariat's operational capacity to provide technical co-operation on one hand, and its functions in the field of research and analysis on the other. These two sets of activities ought indeed to be viewed as mutually supportive and equally relevant.

(iii) Technical co-operation should play an important role in enabling developing countries to derive maximum benefits from international agreements related to UNCTAD's areas of concern.

(iv) Regular consultations and co-operation between UNCTAD and development and financial institutions should be enhanced so as to ensure the optimization of technical co operation projects.

(v) A strengthened and meaningful technical co operation programme will require political support and increased extra budgetary financial contributions from member States, particularly developed countries. Closer co operation between UNCTAD and UNDP should be encouraged.

78. In order for UNCTAD to discharge its functions effectively in the new, rapidly changing world, it is of utmost importance that the independence of analysis and initiative of the secretariat be preserved, and that greater dynamism and flexibility in methods of operation of the intergovernmental machinery be introduced. For the same reasons, strengthening mutual support between UNCTAD and other programmes and agencies of the United Nations system, particularly the regional economic and social commissions and sub-regional institutions, should be pursued. Furthermore, UNCTAD should benefit from the potential role of relevant non-governmental actors.

79. Greater dynamism and flexibility in the methods of operation of the group system should be envisaged. To this end, the present structure of groups will need to be complemented with flexible mechanisms such as ad hoc, issue-oriented groupings, which should be open to all those who express interest in these issues and should be operationally transparent. At the same time greater intra-group and cross-group communication could contribute to further enhancing dynamism and flexibility. Action in this regard could also include a greater involvement of regional groups in debates and negotiations so as to bring more effectively the specific national and regional perspectives to such debates and in negotiations, thereby forging more durable and meaningful multilateral solutions.

80. In this context, the Group of 77 should be strengthened in its negotiations by enhancing its role and cohesiveness as a mechanism for political co-ordination on the main overall interests, objectives and policy proposals of developing countries. In doing this, the Ministers, on the basis of common interest, reiterate their commitment to preserving the solidarity and enhancing the negotiating capacity of the Group of 77.

81. The Group of 77 reaffirms the role of the Group of 24 as the principal forum for co-ordinating the views of developing countries on international monetary and financial issues. The analyses undertaken by the Group of 24 serve as useful guidance to the Group of 77 in dealing with these issues. They call for intensified interaction between the two groups to enable the developing countries in UNCTAD to benefit more effectively from the activities of the Group of 24 in relation to monetary and financial questions.

82. In the context of global interdependence, UNCTAD, as a multilateral organization, should act as a catalyst for building a new international consensus between developed and developing countries around the fundamental principles that should govern international economic relations.

STATEMENT OF MINISTERS ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

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1. The Ministers reaffirm the importance of economic co-operation among developing countries and the need to intensify efforts to revitalize and strengthen existing mechanisms of economic and technical co-operation among developing countries. They believe that ECDC should form an important economic component of a policy aimed at revitalizing growth and development.

2. The Ministers assert that ECDC is an indispensable complement to cooperation with developed countries in view of the economic situation and the differences in technological development between North and South. They also believe that the new political and economic realities of interdependence call for greater partnership in development through intensified support from the North for the ECDC objectives and programmes of the South, thus better enabling developing countries to make a significant contribution to the health and buoyancy of the world economy. In this regard, they call for concrete efforts to intensify sub-regional, regional and interregional cooperation and integration with a view to increasing the developing countries' capacity to produce, achieve economies of scale and become competitive in world markets.

3. In the present circumstances, in which initiatives are being taken in various regions with a view to promoting co-operation among developing and developed countries, there are sound pragmatic reasons for multiplying ECDC efforts. The Ministers strongly believe that the potential of ECDC for trade and development is particularly great at this juncture in view of the increased liberalization and openness of developing countries and the substantial efforts to reform their trade policies. They further reaffirm that subregional and regional integration schemes represent milestones for strengthening economic cooperation among developing countries, and that the process of subregional and regional economic cooperation and integration needs to be accelerated and consolidated in the 1990s.

4. The Ministers considered that, for a revitalized and strengthened ECDC, a realistic appraisal of past ECDC experiences and strategies is required in the context of a changing economic world scene, especially towards more interdependence and integration of economies and problems globally.

5. In taking stock of the ECDC process during the 1980s, the Ministers note the decline in South-South trade, the setbacks to subregional and regional economic cooperation and integration, and the weakening of mechanisms of monetary and financial cooperation. The major sources of these adverse developments were the acute economic problems of developing countries and the attendant painful adjustment undertaken by many of them, as well as the adverse external developments which have led to severe losses of export earnings and the intensification of the debt problem, all of which weakened their capacity to cooperate across a wide range of ECDC.

6. The Ministers nevertheless recognize that despite these setbacks, the developing countries' quest for ECDC has not been undermined. The steadfast political support for ECDC has led to a renewed effort to strengthen ECDC in recent years. They commend the recent efforts made by economic cooperation and integration groupings to strengthen their integration efforts and devise new instruments adapted to new realities to further promote the integration process in the 1990s. The Ministers welcome the launching of the summit-level Group for South-South Consultation and Cooperation, which not only raises the political level of dialogue but also initiates practical programmes of action on ECDC. These ECDC projects devoted to servicing the South should continue to be made fully transparent to all developing countries. In this connection also they note with satisfaction the prominence accorded to South-South cooperation, as an essential element for promoting growth and development, in the Report of the South Commission entitled "The Challenge to the South".

7. In the field of trade, the Ministers welcome the entry into force of the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP) which has the potential to enhance South-South trade. The GSTP should be strengthened through the definitive ratification of the Agreement on GSTP by those signatory countries that have not done so; through the accession to the Agreement by those developing countries which have not done so; and through the approaches and modalities envisaged under the Agreement. These objectives will be realized further through the launching of the second round of negotiations on the GSTP. The Ministers also underline the potential contribution of ECDC to the least developed countries' trade and development, particularly in view of the provision for special treatment for the least developed countries in the GSTP Agreement and urge for continued translation of the provision for special treatment into concrete beneficial measures in favour of them.

8. In the field of monetary and financial cooperation, the Ministers stressed the need for a revitalization of trade payments schemes such as clearing arrangements among developing countries and for strengthening their scope and activities. The Ministers consider the expansion of financial cooperation among developing countries in all sectors and markets essential to ECDC. In particular they note the need for the establishment of mechanisms to finance trade among developing countries. In this connection, the Ministers express deep interest in the results of the technical work done by UNCTAD to demonstrate the feasibility and great usefulness of an international trade-finance facility (ITFF) for developing countries. They note in this connection that the goal of establishing such a financing mechanism has been supported and advocated by them repeatedly since the Caracas Programme of Action. In this regard the Ministers welcome and reiterate the decision of the UNCTAD Trade and Development Board calling upon the Secretary-General of UNCTAD to carry out expeditiously consultations with concerned Governments on this matter in order to prepare the ground for appropriate future action.

9. The Ministers note that services, technology and the environment are becoming increasingly important factors that impinge upon growth and development. Modalities for cooperation in these new sectors should be the subject of analysis and examination by developing countries within established mechanisms for cooperation.

10. The Ministers, convinced of the importance of the advisory and technical assistance provided by UNCTAD for ECDC activities and the need to increase these activities in the short and medium term, commit themselves to strengthening UNCTAD's mandate in this sphere so as to enhance the work of the Committee on ECDC, especially in relation to studies on problems and structural impediments such as weak transportation, marketing and distribution networks.

11. The Ministers invite the industrialized countries to support actively the implementation of projects of cooperation among developing countries, and call upon UNDP to contribute to the funding of those projects. The international community, particularly developed countries and multilateral financial institutions, are urged to support subregional and regional economic and technical co-operation efforts in developing countries.

12. The Ministers call for further efforts by the chambers of commerce and industry of developing countries to intensify the flow of investment and business information to support more cooperation among enterprises of developing countries. They also reiterate the need for the establishment and functioning of a trade information system among the chambers of commerce and industry for the attainment of closer intersectoral links. They affirm that these activities should be financially and technically supported by the international community.

13. The Ministers reaffirm the importance of the Caracas Programme of Action (CPA) which paved the way for the establishment of a new phase in ECDC. They also expressed their satisfaction with the entry into operation of the "Manuel Perez Guerrero" Economic and Technical Cooperation Trust Fund which has given a considerable impulse to and support for furthering the ECDC process. In this connection, the Ministers expressed interest in IFCC VIII taking place as soon as possible because it will provide an opportunity to strengthen ECDC and further the implementation of the CPA, taking into account the need for harmonization with the Action Programme for Economic Cooperation of the Non-Aligned Movement.